Kids love holding their pants up with French Toast.

© 1990 Lollytogs Ltd

Belts by French Toast.
You don't eat 'em. You wear 'em.

Goodwear Belt
10 West 33rd Street
New York, NY 10001
(212) 594-9701

Ambassador rates #1 for service.

If you want the kind of service that leads the greeting card industry, call Pat Cullinan, V.P. New Business at 816-274-4562. And reverse the charges.

Ambassador

A Hallmark Company
©1990 Ambassador Cards, a division of Hallmark Cards, Inc.

© 1991 Lollytogs Ltd

Kids love putting their bottoms in French Toast.

Underwear by French Toast.
You don't fry 'em. You wear 'em.

A.H. Schreiber
112 West 34th Street/Suite 905
New York, NY 10120
(212) 564-2700

WE ARE PLEASED TO ANNOUNCE

TO ALL RETAILERS:

Clairol Incorporated Consumer Products Division, periodically offers, to all competing retailers on a proportionately equal basis, promotional allowances for displaying, advertising and promoting our product lines. Clairol also provides appropriate advertising slicks, point-of-sale and display materials to be used in promoting the sale of such Clairol products as:

- Nice 'n Easy®
- Ultress®
- Loving Care®
- Miss Clairol®
- Frost & Tip®
- OPTION® For Men
- Final Net®
- ClairMist®
- condition® Hair Care Line
- Vitalis® Hair Care Line For Men
- Sea Breeze® Skin Care Line
- Infusium 23®

To receive complete details on how you may obtain these promotional allowances or point-of-sale materials, please contact your Clairol Sales Representative or wholesaler, or write to:

CLAIROL INC.
TRADE MARKETING DEPT. ■ 345 PARK AVENUE — ROOM 4-11A
NEW YORK, N.Y. 10154 ■ ATTN: REGINA CARAGLIANO

We invite your inquiries and look forward to an opportunity to serve you and your customers.

CLAIROL INCORPORATED

© 1990 Lollytogs Ltd

Kids love wiggling their toes in French Toast.

Socks by French Toast.
You don't eat 'em. You wear 'em.

Sockyard Company
366 Fifth Avenue
New York, NY 10001
(212) 947-6295

APPAREL

Booties Get Boot in Kiddie Shoe Category

(Continued from page 17)

the fact that 46.9% of all infant athletic shoes sold in 1990 were sold on sale.

Unique to the infant category is the number of character licenses found on the market. Unlike apparel, where a character has a longer lifespan in terms of the wearer, licenses on shoes are more limited to the very young.

Linda Kanner, vice president of merchandising at J. Baker, Readville, Mass., said that at both its Parade of Shoes operation and its leased departments at discounters such as Rose's, Jamesway and Fisher's Big Wheel, licensed goods accounted for about 30% of the infant's shoe sales.

Because of the growth of the infant shoe market and the strength of licenses in this area, merchandising infant shoes has also taken on new meaning.

Kanner admits J. Baker has put additional emphasis on children's footwear. But, rather than increase allotted space, new ways of presenting the products are used.

"One thing we did was blister-pack some of the smaller size shoes. This way a parent can see what they are buying and it can be hung on a peg board, making the best use of limited space," she said.

Less formal presentations are not without their merits. This past summer, for instance, Kmart featured a promotional bin full of Teenage Mutant Ninja Turtle sandals.

Bins may work for promotional buys, but usually in licensing, the boxed presentation is more important. In this case, the box often establishes the personality of the character.

Charles Becker, marketing director of E.S. Originals, considers the box an in-store selling tool and notes that the majority of its shoes, regardless of size, are displayed on racks.

Lichy noted that Suave's character products are also usually in boxes.

Both companies do business with a wide range of discounters, including Kmart, Wal-Mart, Target and Venture.

There is no lack of characters in the market. Shoe manufacturers such as E.S. Originals market the likes of Flinstones.

Pagoda Trading, a division of the Brown Group, markets many of Disney's characters, including Mickey and Minnie Mouse, The Little Mermaid and newcomers Beauty and the Beast. Pagoda also licenses Mattel's Barbie.

Mercury International Trading has the rights to perennial favorite, Snoopy.

Suave's licenses include Batman and Captain Planet.

Character licensing on shoes is particular to the infant and toddler age group. The target age for the licensed shoes begin at birth but generally go no older than about 8 years old. By the time a child is 7 or 8 they begin to want the familiar adult athletic shoes brands, or at least a reasonably-priced facsimile.

As this segment grows, athletic shoe manufacturers can look forward to a savvy new crop of customers that are being trained very young.

FOR A PROFITABLE YEAR VISIT THE FIRST SHOW IN 1992

the 67th transworld housewares & variety exhibit

JANUARY 10-14, 1992

O'HARE EXPOSITION CENTER
CHICAGO/ROSEMONT

• BIG BUYER ATTENDANCE • THE RIGHT TIME •
THE RIGHT PLACE • ONE BUILDING
• ONE FLOOR FOR EACH SHOW
• EVERYTHING YOU NEED FOR PROFIT

For special air fares and hotel rates contact:
CARLSON TRAVEL NETWORK/TRAVEL CONSULTANTS 1-800/525-7888

FOR EXHIBIT INFORMATION CALL OR WRITE:
TRANSWORLD EXHIBITS, INC.
1850 OAK ST., NORTHFIELD, IL 60093 • 1-708/446-8434 • 1-800/323-5462

CHILDREN UNDER THE AGE OF 18 WILL NOT BE ADMITTED.

1992 Consumer Purchase Projections

Product	No. of Units (In Millions)
Component audio	5.6
CD players	9.3
Computers	6.5
Big screen TV	6.5
VCR	8.4
Video game system	8.4
Video game cartridges	69.8
PC Software	26.9
Prerecorded video	168.2

Source: Fairfield Research

A Christmas Not Even The Grinch Would Love

(Continued from page 1)

they will spend less this year, while only 24% said they will spend more. The percentage saying they will spend less had risen substantially each month since August, when 40% planned to spend less, and the difference between results this year and last year was remarkable. Last year, for instance, only 34% said they would spend less when asked during August.

Like last year, that will force retailers to start cutting prices earlier (and deeper) than usual, and price wars are almost inevitable. Rosenbaum is already seeing signs that retailers will be forced to "seek out new and innovative ways to encourage consumers to shop now; Child World's price guarantee is a good example. When consumers see price cutting, it makes them even more tentative about going into a store. They figure if they wait another week, the price will be even lower, or a competitor will undercut the best price."

Fairfield Research chairman Gary Gablehouse found a few bright spots in an otherwise dismal picture. Video game systems and software are high on shoppers' lists, probably spurred by the introduction of Nintendo's Super NES and the continuing success of Sega's Genesis, and personal computers and software also appear to have a bright holiday forecast. Large screen televisions should be hot (a trend from last year is buying one large present for the entire family), and prerecorded video titles, spurred by the release of hits like *Fantasia* and *Terminator II*, are projected to blow off the shelf. Of course, that might have as much to do with the relatively modest selling price of recent hits (many for under $20) as with any intrinsic desire for more prerecorded video.

Rosenbaum did not see any silver lining at all. "It's dismal all over," he said. He expects to see a rerun of last year, when consumers waited until the last minute to shop, which caused retailers to lose sales twice; once in early December, when no one showed up to shop, and again shortly before Christmas, when massive out-of-stocks on high-ticket goods like computers and big screen televisions cost retailers dearly.

If these surveys are accurate reflections of consumer spending, even the Grinch wouldn't touch this Christmas.

Kmart Ups OfficeMax Stake

(Continued from page 4)

United States "wherever there is a synergy" with other Kmart retail concepts.

Taking full advantage of Kmart's lucrative real estate and financing network is a real plus for OfficeMax and the result of Kmart's desire to fully participate in the explosive office superstore business.

"Large-size office supply stores represent an exciting growth opportunity for Kmart," said Kmart chairman Joseph Antonini. "Our acquisition of OfficeMax, a well-established company, will enhance our position in this rapidly expanding business."

OfficeMax founders Feuer and Robert Hurwitz, chairman, will retain the remaining 8% of OfficeMax stock. Feuer said he will sign a long-term contract with Kmart and will remain president of the chain under Kmart.

OfficeMax will report to George Mrkonic, executive vice president of Kmart, responsible for the specialty stores. The office supply chain will operate as a fully autonomous subsidiary, which is Kmart's standard policy.

"Our practice is to provide overall corporate guidance but the subsidiaries have a fairly autonomous management group," said Orren Knauer, director of investor relations for Kmart. All of the subsidiaries operate independently of Kmart but have periodic reviews with Mrkonic, Knauer added.

OfficeMax is fifth largest office superstore chain, with 1990 sales of $200 million.

Kmart's acquisition of OfficeMax allows the chain to grow more quickly than originally planned by drawing from Kmart's huge financial base and marketing and merchandising expertise.

"We're now expanding our expansion strategy," said Feuer, noting that OfficeMax is "looking at a geographic move beyond the Midwest." For now, he would only identify OfficeMax's intention of joining Kmart in Puerto Rico—with a still undetermined number of units—and greatly expanding its presence in Chicago, both with new stores and by relocating older stores to new locations.

Feuer declined to confirm or deny industry rumors that OfficeMax will open stores in Boston, the home turf of major competitor Staples, Long Island and Atlanta. He did say that he will be announcing "other geographic openings" later this month.

In the short term, Feuer said his goal is for OfficeMax to become a $1 billion company.

By the end of January 1993, OfficeMax will operate between 125 and 150 stores, speeding up the chain's original store opening schedule which called for 100 stores by the end of July, its current fiscal year.

Under Kmart, "we'll get bigger, faster," said Feuer, also noting the company will be changing its fiscal year to a calendar year, to coincide with Kmart's reporting schedule.

OfficeMax's marriage with Kmart was a year in the making.

After an unsuccessful try with its own office superstore chain, Office Square, Kmart decided last year to abandon the five-store chain and test the waters with OfficeMax through a minority holding of 21.6%.

The arrangement with OfficeMax was a two-step deal that involved selling Office Square to OfficeMax and then acquiring stock in OfficeMax.

"It was a textbook case of the '90s," said Feuer. "Last year was viewed as a trial marriage, [a time to] get to know the company, crystallize its [Kmart's] view of the industry and give the management team an opportunity to know Kmart."

A year ago, both Feuer and Antonini, talked about seeing if there was a "chemistry" between the two companies and to speculate on a relationship beyond the minority stake.

Obviously, all sides were pleased with the arrangement.

"Kmart became our biggest ally," said Feuer. "We had a very unique relationship: Antonini, [Thomas] Murasky [recently promoted to executive vp and chief financial officer], Mrkonic. The process grew and the relationship worked. The chemistry was right and [we found that we had] the same mindset."

Kmart's hands-off approach to the operation of its subsidiaries puzzled Feuer at first, he said. "I thought they didn't respect me. They never called. We sent up our numbers monthly."

As it turned out, OfficeMax operated well by itself and Kmart had no reason to interfere.

OfficeMax was founded in April 1988 by Feuer and Hurwitz. They opened their first store in a suburb of Cleveland three months later and acquired their first chain, Office World, Great Neck, N.Y., a seven-unit chain, in April 1990 followed by Office Square in November 1990.

Sam's Club Tosses Wiener Vendor

(Continued from page 3)

ment Rabalais said could not be met by most of her disabled employees.

Rabalais charged that when property was not removed by the deadline, Sam's employees seized some $25,000 worth of perishable food and $400,000 of fixtures, which they had not returned at presstime. The day's receipts, however, were eventually returned, along with employee time cards.

The vendors purchased all of their supplies and much of their equipment from Sam's, and in addition paid 10% of net sales as rental, Rabalais said. "We were their No. 1 wholesale account in the stores where we operated," she said. "Anything that could be bought at Sam's, we bought there."

For its part, Sam's would say only through a prepared release that there are "two sides to every story" and that it is "eagerly awaiting the opportunity to have the situation resolved in court." The company added that "since the action is in litigation, we feel it's most proper to let the situation be handled in court rather than in the news media." However the situation is resolved, Sam's will likely suffer a black eye in the Texas market, where press coverage has been extensive.

Get the Message!

TOPS Phone Message Books are the most popular choice.

TOPS Phone Message Books are the most widely recognized and used books on the market today!
These phone message books have been the popular choice for over 35 years for some very good reasons:

- A "Notes Section" on the flip-side of every message provides more message space than other message books.
- Priced competitively, TOPS phone message books offer your customers the most features and the best value.
- Attractive, four-color covers draw retail attention.
- Available in single book or two-book packs for double the sale.

Add TOPS Phone Message Books to your line today. Please fax inquiries to (708) 459-4891 for more information.

TOPS

111 Marquardt Drive
Wheeling, IL 60090-6476
(708)459-4660, (800)621-1291

©1991 TOPS

BTS Show Buys: More Basic Than Usual

(Continued from page 2)

"The industry's been stagnant except for recycling," and a few licensed products such as Waldo and Little Mermaid, one East Coast buyer said. "It's not an industry that is coming out with a lot of new things."

At least the upcoming Back-To-School Merchandise Show, scheduled to take place Nov. 12 to 14 at McCormick Place, will feature a number of new products that will reflect some real innovation in the stationery/back-to-school/home-office sector.

Among the new offerings are adjustable book covers made from recycled plastics by Tic-La-Dex, San Diego, and high quality expressive and business stationery for the mass market made by Legacy, a new division of Strathmore, West Springfield, Mass.

Tic-La-Dex, an eight-year-old company that has supplied organizational products to government and military agencies, decided recently to enter the retail sector with items geared to the back-to-school and home-office consumers, said president Geoff Phillips. U.S. distribution is being set up now.

The adjustable book covers, which will retail for less than $1.50, feature a number of colors and designs, said Phillips, noting that he has already secured the Hang Ten and Lightening Bolt licenses.

Legacy is using the Chicago BTS Show to launch its 100-sku line of colored papers—soft pastels to bright flourescents, parchment, cotton fiber and recycled products—to the retail market, said Amy McDermott, marketing manager.

Aside from the new retail paper line, Legacy, which was developed specifically for the mass market, will introduce new self-sell, color-coded, retail-oriented packaging that shows off the paper inside.

Golden Books also is a new exhibitor to the upcoming show. Best known for its Little Golden Books series, it will launch a 69-item line of children's arts and crafts products with its new Merrigold label. Among the items are: chalk and cork boards, paints, markers and modeling clay.

Overall, 260-plus exhibitors will occupy 500 booths at the show, managed by Thalheim Expositions, Great Neck, N.Y. For the Thalheim group, the current show is its 11th annual event, and the smallest in recent memory, the result of a now fractured BTS industry.

This year, unlike the previous 10, two back-to-school shows, one month apart, will be held by two organizations in different parts of the country.

The other show, managed by InterBev for the industry's new trade association, SHOPA (School, Home Office Products Association), is likely to be the bigger of the two events, as manufacturers and buyers alike have chosen to support the new trade association in greater numbers than the Thalheim show.

SHOPA's first trade show will be Dec. 10 to 13 in New Orleans and will include many of the industry's largest companies, including Mead and Stuart Hall, which are not exhibiting in Chicago this month.

A special feature at this year's BTS Merchandise Show will be a business center, offering secretarial, facsimile and overnight mail services for exhibitors and buyers.

In addition, the organization's second annual networking party, this year sponsored by Pentel of America and Telebrands, formerly called As Seen on TV, will be held on Tuesday, Nov. 12, from 6 p.m. to 7:30 p.m., at the Chicago Hilton and Towers. Tickets are $25 each.

The recession has left many stationery buyers wondering about the prospects for next year's business. No one contacted by *DSN* would speculate about the 1992 BTS season or commit to a specified list of items they will look for at the upcoming show.

In fact, a number of buyers said that business was so basic this year, and late in coming, that they will be looking for legitimately new items to add some splash to their mix.

Charles Gower, divisional merchandise manager for Jacks, a 14-unit discount chain based in Quincy, Ill., said the result of the 1991 BTS season will be that he will "go after more home office" products and be a "tough negotiator" when he faces vendors.

Although basic school supplies dominated sales this year, a few outstanding items, such as wireless notebooks, multi-packs of pens and backpacks stood out from the general mix, sources said.

At Jacks, wireless notebooks and multi-packs of pens, especially from Bic, were hot, said Gower.

For Goldblatt's of Chicago, a 12-store chain, and Pic N' Save of Jacksonville, Fla., a 40-unit discount chain, backpacks did very well this year.

Pic N' Save did better than many retailers this past BTS season, having made its plan, said John Little, general merchandise manager, noting that the profit center is still in the trendy, fashionable items, and will be an area of concentration for the chain.

For Goldblatt's, an urban discounter, the upcoming show offers opportunities to find closeouts that can be sold this year, said buyer Jerry Lavine. As at Pic N' Save, backpacks did very well this year, and Lavine said he will be looking for commitments in this category since it has become a year-round item.

Lavine said he also will be looking for more party goods, including party favors, which he said is now the largest growth area in his stationery department.

WE CUT MERCURY.
NOT PERFORMANCE.

99.975% Mercury-Free Panasonic Batteries

For more information, contact the Battery Hotline at (201) 392-4675.

Panasonic®
Industrial Company
BATTERY SALES GROUP

EZ SAWHORSE SYSTEM

Sell the System!

Unique system allows do-it-yourselfers to build their own sawhorse workstation. Full color packaging and display merchandiser.

EZ BRACKETS *for easy sawhorse assembly. Use with 2x6" or 2x4" cross beams.*

EZ TRAYS *hang on sawhorse legs. Holds screwdrivers, pliers, etc.*

EZ BINS *lock onto EZ BRACKETS. Holds nuts, bolts, nails, screws, etc.*

EZ HOOKS *hang on sawhorse legs. Holds saws, hammers, etc.*

EMPAK
Consumer Products Division 4571 Valley Industrial Blvd. So., Shakopee, MN 55379
(612) 445-4110 • 1-800-445-4117

Warehouse Club to Absorb Membership of Closing BJ's

(Continued from page 4)

Waban Inc. plans to shut the BJ's in Chicago and convert three of them to HomeClub warehouse home centers (see *DSN*, Oct. 21, page 2). Paid-up BJ's business and group members who purchased a one-year $25 Warehouse Club membership will get full credit for the remaining time on their BJ's membership.

The 10-unit Warehouse Club, which has three units in Chicago, is a troubled company that reported a negative $4.9 million working capital at the end of its third quarter and has shut four clubs in the past few years. Walter H. Teninga, its founder, chairman and chief executive officer, resigned in July, with James V. Walsh, president and chief operating officer, assuming Teninga's day-to-day responsibilities.

Under the right offering, each stockholder will be able to purchase three units for each share owned. Each unit consists of a right to buy one share at 40 cents and a warrant to purchase another share at 60 cents. George Valassis, the company's principal shareholder who owns 54.4% of the outstanding stock, has committed to purchasing his pro rata share of the rights offering.

The Warehouse Club decided to do the rights offering as "the best way" to raise funds for inventory and also increase shareholders' equity, the executive said.

A stock offering was ruled out as the failure of a proposed agreement with A&P a year ago indicated there wasn't any investor interest in such a step, while the company didn't want to borrow because it didn't want to increase its debt.

Closeout Chain Takes on New Name

(Continued from page 3)

Putting the best face on the oversight, Hupp said the change actually will help the chain reintroduce itself to customers in the Southeast—a fairly new market—and convey a sense of what the company is about. "MacFrugal's conveys bargains," she said. "Customers in Dallas actually confused us with a grocery store chain called Sack N Save." Others confused it with Pay 'N Pak, a home center chain, she said.

The new name, MacFrugal's, was the winner in a company-wide new name contest that drew 7,500 entries, Hupp said. A clerical employee in corporate offices submitted the winning name, Hupp said. She left the company after winning, but still collected the grand prize, a one-week vacation for two in Cancun, Mexico.

The new name appears to be an instant hit with customers, Hupp said. Saturday, Oct. 5, 200 to 250 customers waited in line at Texas stores holding their grand reopenings as MacFrugal's, Hupp said. For its second quarter ended Aug. 4, 1991, Pic (soon to be Mac) reported sales rose to $116.4 million from $112.7 million a year earlier. Operating results turned around to $9.4 million in operating income from $12.5 million in operating losses.

DISCOUNT STORE NEWS

(ISSN 0012-3587), is published biweekly—every other Monday—23 times a year except issues of May 6, July 8, Sept. 23 and Dec. 10, which are published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscriptions are available at no charge to qualified retailers and wholesalers. Paid subscriptions are available to manufacturers and their reps, schools, libraries, govt. agencies and all others—one year, $79; Canada: one year, $85; Foreign subscriptions-Airmail only: $175 (U.S.$ only). Single copy rate $4, except annual census issues $35 ea.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

Copyright© 1991 by Lebhar-Friedman Inc. All rights reserved. Postmaster: please send address changes to Subscription Department, *Discount Store News*, P.O. Box 31185, Tampa, Fla. 33631-3185. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 30, No. 21 November 4, 1991

HomeMarket Trends

November 4, 1991 Special Supplement Discount Store News

At Home With Zellers

Canadian Discounter Cultivates Specialty Concepts

RTA Exclusive: What Consumers Really Think/19

HomeTex Awards to Wal-Mart, Martha Stewart/16

Furniture Throws on the Upswing/17

Discounters Dominate RTA

Consumers Likely to Look for Inexpensive Ready-to-Assemble Furniture Basics at Discount Stores, HMT Survey Says

Manufacturers of RTA furniture who have adopted a two-tier approach to marketing have correctly anticipated consumer shopping patterns, according to a national survey of households conducted by *HomeMarket Trends* over the summer. Consumers clearly look for highly styled and full-feature products at furniture and home decor specialty outlets, while purchasing more price-oriented basics at full line discounters.

Full line discounters continue to dominate the ready-to-assemble furniture market, despite escalating competition from catalog showrooms like Best Products and Service Merchandise, mass merchandisers like Sears, specialty store chains such as IKEA and Pier 1, and home center chains like Home Depot.

While the RTA furniture industry has made immeasurable strides in the quality and styling of its products and the clarity of its assembly instructions, the discount store environment is not the best place to convince the consumer of these improvements, based on survey findings.

Consumers have reservations about the quality of RTA, especially when it is sold at a discount store, the results indicated, but sharply priced RTA at discount stores offers a tradeoff that a large segment of the shopper base cannot afford to turn down.

Familiarity with RTA has risen to a level only imagined less than a decade ago. Three out of four households could describe a specific RTA item they have seen, and an equal amount know where they would shop for RTA; most often a discounter. While most consumers can think of an RTA item, there were at least 6% of consumers who could not think of a specific item.

But while respondents were well-versed in what RTA is, they considered its primary application to be an open storage unit. Few identified RTA as a furniture item to be used for seating, with even fewer considering upholstered RTA as something they have even seen, much less something they would purchase.

Discounters were the preferred outlet for RTA and Wal-Mart was the discount industry leader (despite a lower store count than Kmart and thereby less availability to the survey population). Perhaps even more interesting than Wal-Mart's dominance is that, unlike most other retailers, it was mentioned more by male shoppers of RTA than by females. The only other specific chains that were preferred more often by men than by women for the purchase of RTA were Sears, Home Depot and IKEA.

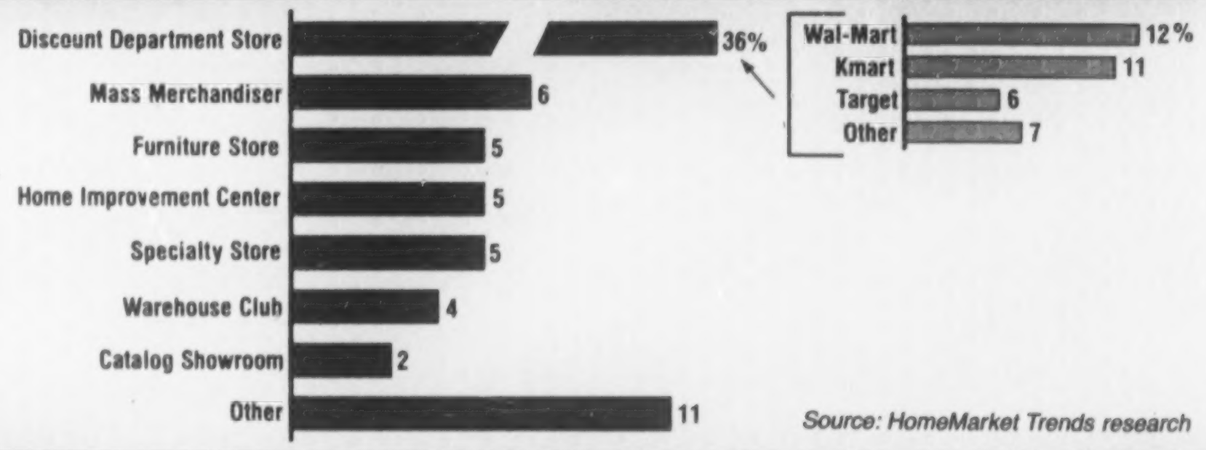
Sears, which made a commitment to the RTA category several years ago with programs from Sauder Woodworking and Bush Industries, was preferred by 4% of customers when shopping for RTA. Neither JC Penney nor Montgomery Ward were considered to be RTA resources.

Despite what is often a well-developed RTA presence and *national availability*, the home improvement centers could not compete with their discount store cousins. The problem rested, in part, on lack of female shopper traffic. With

***Discounters are the** primary resource for ready-to-assemble furniture, consumers say. RTA is the hard lines backbone of the home decor area at stores like Bradlees, Bordentown, N.J.* (HMT photo)

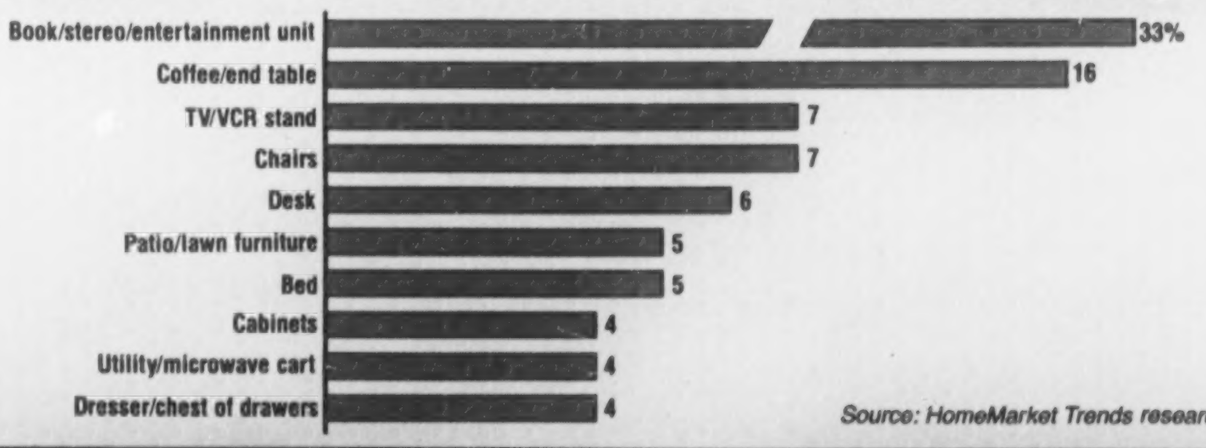
***Caldor, Turnersville, N.J.,** groups utility carts by suppliers like Gusdorf and Affordable on a single raised platform.* (HMT photo)

Consumers: Discounters Lead in RTA
Where would you shop for RTA?



Source: HomeMarket Trends research

Bookcases and Entertainment Centers Most Popular RTA
Top 10 Items consumers would shop for in RTA



Source: HomeMarket Trends research

Pros & Cons of
Shopping Discounters for RTA

Pros		Cons	
Good Price	61%	Poor Quality	21%
Better Selection	7	Have to Assemble	10
Convenience	5	Poor Selection	6
Good Quality	2	Missing Pieces	5
Easy Assembly	1	Less Durable	4
None	8	None	12

Source: HomeMarket Trends research

Discount Stores Dominate RTA

the exception of Home Depot and, to a lesser extent, Builders Square, home centers were not seen as furniture resources, particularly—but not exclusively—by women.

IKEA was the most frequently cited specialty store respondents would shop at if they were looking for RTA. At a meager 2% of total mentions, IKEA might not appear to be a real challenger, but in light of the Swedish chain's presence in only a handful of U.S. markets (Elizabeth, N.J., Southern California, Philadelphia, Pittsburgh, Long Island, Baltimore and Washington, D.C.), that mention rate is actually quite impressive.

As it stands, IKEA already is as dominant in RTA as the entire catalog showroom industry, another channel which has increased category square footage in recent years, a trend particularly true at Service Merchandise and Best Products.

In addition to these broad retail groups, there are other silent leaders of RTA retailing. More than one out of every ten people said the first place they would go to shop for RTA was a type of retailer that could not be classified as discounter, mass merchant, furniture store, home improvement center, warehouse club, catalog showroom nor as electronic superstore.

The majority of people most likely to shop for RTA at a discount store own their home (59%), earn between $20,000 and $30,000 each year (24%), have not graduated from college, but have taken some college courses, and are between 25 and 29 years of age.

The primary difference between a person who named a discounter instead of a furniture or specialty store as the place to buy RTA is age and, to a lesser extent, income. Consumers shopping RTA at furniture stores tend to be older, most often between 35 and 39 years of age.

While respondent income predictably plays a large role in attitude toward discounters at the lower end of the economic scale, it appears that more than just the Trumps shop Kmart.

Three out of four households could describe a specific RTA item they have seen, and an equal amount know where they would shop for RTA; most often a discounter.

For example, about one in ten people surveyed who were earning more than $70,000 in their household would refuse to shop a discounter. However, twice as many earning anywhere between $20,000 to $40,000 said they would not set foot in a discount store to purchase RTA.

Overall, people who rent their dwelling are more open to shopping a discounter.

The group most inflexible about going to a discounter to shop for RTA are those who fall into the "yuppy years" between 30 and 34 years of age.

And now for 1992's luxury models.

TREVIRA

They're new. And gorgeous. New bath and accent rugs of Trevira® polyester fibers glow with rich color. Have a more resilient pile. Best yet, new technology makes their surface appearance cleaner . . .crisper. So these luscious rugs stay new looking longer.

The secret? A unique blend of Trevira fibers that locks in a tighter, more permanent twist. So over time, tufts spring back to their original position. And rugs keep their beautiful dense pile longer. Now add the truer colors of Trevira polyester. Inherent stain resistance that's permanent. And easy care maintenance.

Built-in stain resistance.

Blend of Trevira fibers gives tufts a tighter, more permanent twist.

The 1992 luxury models for America's floors. Very new. Very hot. Be part of the excitement. Call Vic Powell at (704) 554-2069.

Accent rugs of Trevira offer a 3-year limited warranty for stain resistance.

The solid bath rugs pictured above are from Newmark Rug Company. The patterned accent rugs are from Georgia Tufted.

CRAFTED WITH PRIDE IN U.S.A.

Hoechst Celanese

Hoechst

The Hoechst name and logo and Trevira are registered trademarks of Hoechst AG.

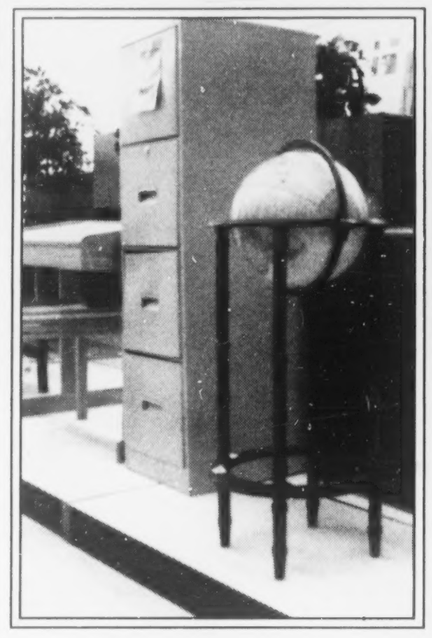
Discounters Are Tops in RTA

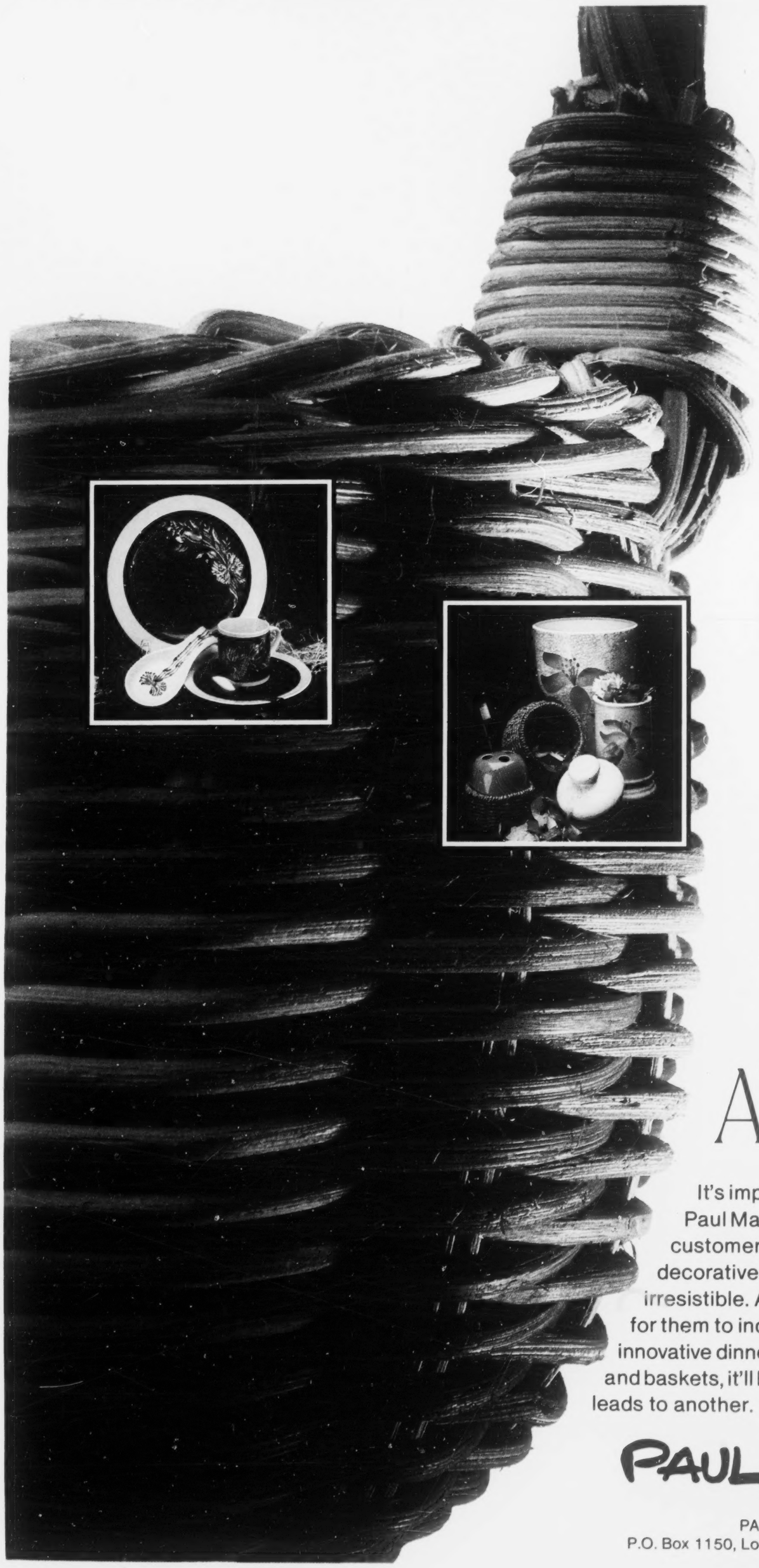
Thirteen percent of all those people who were surveyed who would not give discount stores a chance when shopping RTA were in that age bracket, with an equal split between men and women.

Price has historically been upheld as the great decision-maker in whether Jane consumer would shop at a discounter for furniture or at another retail outlet. However, more than half of the people who said that they would not shop a discounter acknowledged that the discounter does have good prices.

Women were more sensitive to the price advantage of discounters than were men (64% versus 58%), but men were more attuned to what they see as better selection and greater convenience at discounters.

Women—despite the age-old retailer concern for the female's ability to get large items they bought into the car—were less concerned than men about this element of the shopping experience.





It's impossible to buy just one product from Paul Marshall. Our coordinated look inspires customers to mix and match accessories and decoratives in ways that make impulse buys irresistible. And affordable quality makes it easy for them to indulge. Once you see Paul Marshall's innovative dinnerware, pantryware, bath accessories and baskets, it'll be easy to understand how one thing leads to another.

PAUL MARSHALL®

PAUL MARSHALL PRODUCTS
P.O. Box 1150, Long Beach, CA 90801-1150 (213) 595-1223

Women were more sensitive to the price advantage of discounters than were men, but men were more attuned to what they see as better selection and greater convenience at discounters.

While women didn't think getting the piece of RTA home was a big issue, they *were* concerned about what they would do with it once they got it home, i.e., assembly, but only by a small margin.

In-store assistance was more of an issue for men than for women, as were crowd conditions, return policies, and durability of the RTA purchased at a discount store. In fact, the survey hints at why women shop at discounters more avidly than men. Most women's concerns related to post-purchase matters—assembly, missing pieces and instructions—while men were worried more about the trials of the shopping experience rather than merchandise. ■

C5150-3

Nielsen H&BC Repor

02163 ******** ALL FOR STATE
00240370 DS
MS JEANNE LONG HOD. PERSON
CONGRESSIONAL INFOR SVC INC
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Discount Store News®

THE INTERNATIONAL NEWSPAPER OF DISCOUNT RETAILING

SECOND CLASS

VOL. 30, NO. 22 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $4 per copy | November 18, 1991

ZMart, Miami: Former Zayre/Ames execs bring discounting back to the community. From left, Michael Ferguson, Thomas Witherspoon, Charles Howze, Joan Donaldson and John Kilby.

Ex-Ames Managers Reopen Miami Store

By Richard Halverson

MIAMI — Under the name ZMart, three ex-Zayre/Ames managers reopened in August a former Zayre/Ames store that serves a black and Hispanic community.

Located near the tough Liberty City section of Miami, the full line store offers 29,000 skus in 56,000 square feet of selling space, said Charles H. Howze, president and chief executive officer. Howze served 17 years at Zayre and then two years at Ames.

When Ames closed all 83 Florida stores last September, Howze was overseeing 24 units as south metro manager.

Does the Z in ZMart stand for Zayre? "Let people guess," Howze replied. "Zayre was more readily accepted in the black community than any other discounter." The closest discounter is a Kmart eight miles away, Howze said. Within a three mile radius of his store, ZMart draws on 53,000 households as a customer base.

A direct mail campaign to those homes is one of

(Continued on page 25)

INSIDE THIS ISSUE

Jamesway Tabs Ex-Ames President — page 2

Chief Auto in LBO Debt Revamp — page 4

Costco Winner In Club Battle — page 3

Plus-Size Women's Jeans Get Boost — Apparel/page 13

Bradlees' Parent Primed For Debt-Reducing IPO

BRAINTREE, Mass. — Bradlees' supermarket parent, Stop & Shop, is scheduled to go public this week in order to pay off costly debt and boost its puny net profits.

The initial public offering will clean up the parent's balance sheet, reducing its long-term debt-to-equity ratio to $3 of debt for every $1 of equity from $13 to $1. But none of the extra capital from the IPO would go to Bradlees to help it get back on the expansion track or expedite its five-year remodeling plan.

Stop & Shop hopes to sell 17 million newly issued shares, or a 34% stake, at an estimated $15 per share and use all of the $240.2 million net proceeds to help call in notes that bear interest rates of 12½% and 13⅛%. To finish paying off the notes, it also would borrow $134.5 million more under its line of credit, which carries an interest rate of just 8.4%.

Bradlees

Owner: Stop & Shop Cos.
Headquarters: Braintree, Mass.
Sales for 1990: $1.77 billion
Operating Profits: $69.2 million
Number of Stores: 130
Average Size: 91,190 sq. ft.
Employees: 16,000

Source: DSN research

Including its 117-store supermarket division, Stop & Shop recorded net profits of $2.2 million last year on sales of $4.99 billion, following a $23.2 million net loss in 1989 on sales of $4.64 billion.

If the lower interest rates had been in effect in 1990, Stop & Shop would have paid $37.7 million less in debt interest, the IPO prospectus discloses. It would have earned $47.6 million pre-tax, instead of the actual pre-tax profit of $19.9 million.

Stop & Shop became highly leveraged in April 1988 when the investment firm of Kohlberg Kravis Roberts & Co. took it private in a $1.2 billion leveraged buyout after the Herbert Haft family made a run at it.

(Continued on page 26)

Wal-Mart Opens 56 in a Day

Discounter Debuts First Maryland, Delaware Units

By Laura Liebeck

BENTONVILLE, Ark. — Wal-Mart set a new single-day store opening record by unveiling 56 stores across the country Nov. 5. The discounter's previous highest grand opening total for a single day was 36.

Of the 56 stores, 31 were new stores, including two in Maryland and one in Delaware, the discounter's first foray into those two Middle Atlantic states. The rest are remodeled units.

The new market stores are located in Easton and Prince Frederick, Md., on the state's eastern shore, and in Milford, Del., about a half-hour east of Easton. All are within 90 minutes of Washington, D.C.

Both the Easton and Prince Frederick stores were built to the company's newest prototype, with wide aisles, bright lighting and a pharmacy. The Milford, Del., store is built to the older Wal-Mart format and is smaller, 72,000 square feet, compared to the 91,000-square-foot size of the Maryland units.

The opening of these three stores in previously uncharted territory for Wal-Mart further marks the discounter's march up the East Coast into the densely populated Northeast, a target area for the nation's No. 1 discounter.

Additional new stores for the outer fringes of the metropolitan Washington, D.C., area are

(Continued on page 26)

Zellers Building Specialty Division

By Mary Ellen Kelly

MONTREAL — Zellers is laying the groundwork for a network of specialty stores designed to serve Canadian shoppers whose needs are not totally met by either of its parent company's discount or department store divisions.

The model for Zellers' thrust, said president Paul Walters, is U.S.-based international retailer Woolworth, which successfully diversified from variety store roots.

(Continued on page 25)

Zellers, Greenfield Park, Quebec: *Power walls and mini-shops are among modifications being made at the 2-year-old prototype.* (DSN photo)